

## PROJECT OVERSIGHT REPORT

HP3000 Replacement Project – Office of Insurance  
Commissioner (OIC)

Report as of Date:  
April 2005

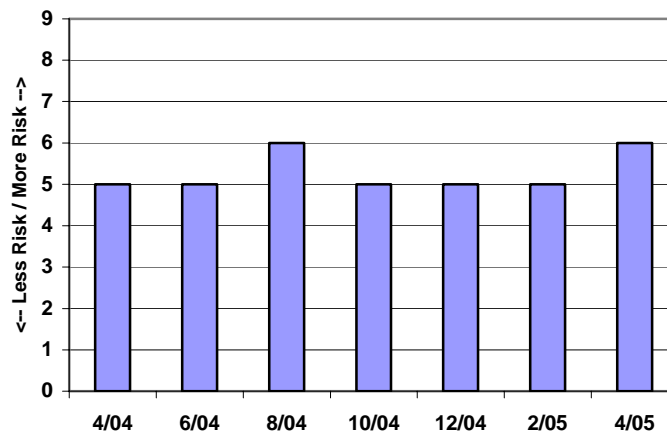
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Severity/Risk Rating: Medium (medium severity, medium risk)

Oversight: DIS Director  
recommended approval as  
Level 3 – ISB

### Project Risk Assessment



**Staff Recommendations:** ISB staff recommends that OIC develop a clear and complete risk mitigation plan to address the risks of changing from a commercial off the shelf (COTS) solution to a custom development effort. This mitigation plan must include budget impacts and method to mitigate the impact. Staff also recommends that this project needs to resubmit an IT Investment Plan for ISB approval. OIC may not release the RFP until this IT investment plan is approved.

#### **Variances:**

Schedule: The original schedule, established in 2003 by the feasibility study, calls for completion of requirements and vendor selection by July 2005 with project completion by December 2006. OIC and the requirements gathering vendor (CRE8 Inc.) have evaluated the project risks associated with the original schedule and the feasibility study assumption that COTS solutions were available. OIC's market research has not supported this assumption. OIC determined that custom development will be required to meet business requirements. This is a change in the scope and methodology of the project.

To mitigate project risk, OIC has updated the project plan to allow additional time to collect and analyze business requirements and conduct market research prior to releasing the RFP. The additional activities include an increased emphasis on market and vendor research, conducting a comprehensive Request for Information (RFI), and reviewing recent similar system implementations undertaken by other state insurance regulators.

The agency is still planning on completing the project within the next biennium, utilizing a phased approach. Phase 1 (Requirements Gathering Phase) is targeted for completion by July 2005.

Budget/Cost: None at this time.

Scope: The change from a COTS solution to a custom development has increased the risk to this project. OIC is in the process of identifying this increased risk and developing risk mitigation strategies. A complete risk mitigation plan is required prior to the release of a RFP.

Resources: None at this time.

**Risks/Mitigation:**

Schedule

The schedule is aggressive and contains little contingency.

Mitigation Tasks

OIC has added project activities to further test the assumptions outlined in the feasibility study. OIC determined that a suitable COTS solution does not exist. A thorough review of projected costs needs to be conducted prior to release of the RFP. Based on information obtained during the requirements analysis, OIC will prioritize and identify which business objectives it will address in conjunction with the system migration effort and within the schedule and budget constraints.

**Background Information**

The project will allow OIC to replace its HP3000 system. HP will cease support for HP3000s as of December 31, 2006. The Director of the Department of Information Services has approved the acquisition of a COTS replacement system and directed that OIC provide an informational briefing to the Board. Due to the large number of presentations for recent ISB meetings, an updated project status report has been provided for each Board meeting rather than a presentation.

The HP3000 platform runs the majority of applications and data repositories that support OIC's business objectives and operations. Originally developed using the Speedware programming language and a TurboImage database system, the current set of applications and databases support OIC's primary business operations. Although OIC could continue to use the HP3000s beyond 2006, continuing to do so will increase the risk to OIC's business operations due to dwindling support resources, shortage of qualified developers, and inflexibility of these systems to meet evolving business needs.

In addition to supporting the required platform migration, a number of business and technical issues and opportunities can be addressed by assessing the current HP3000/Speedware system's ability to serve OIC in the future and meet the business objectives. OIC's approach to meet the business objectives is to institute a best-of-breed procurement strategy. The technology platform is expected to be Windows NT (or, depending upon the implementation date, the latest Microsoft server release) suite, which is consistent with OIC technical direction. The initial proposal assumed that much of OIC's current requirements would be met by integrating available COTS products with supporting custom development as required. Package modifications (e.g., building workflow route maps) were to be developed as well as some custom programming to provide functionality not available from package solutions.

**Technology:** Expected to be Windows NT.

**Budget/Costs:** Original implementation/development costs:

Software Licenses	\$475,000
Hardware	\$161,000
Contract Services	\$2,195,683
OIC Staff	<u>\$229,834</u>
Implementation Subtotal	\$3,061,517
5-Year Maintenance (\$318,164/year)	<u>\$1,590,820</u>
<b>Total Life Cycle Cost</b>	<b>\$4,652,337</b>

Since custom development can cost more than COTS solution, budget impacts are part of the overall risk mitigation and new IT Investment plan to be developed.